



**U.S.**  
**DEPARTMENT OF**  
**ENERGY**

**DEPARTMENTAL MANAGEMENT ADDRESS**  
**WITH**  
**SECRETARY OF ENERGY SAMUEL W. BODMAN**

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**WASHINGTON, DC**

SECRETARY SAMUEL W. BODMAN: Good afternoon, and thank you all for being here – both those here in the auditorium in Washington at the Forrestal Building and as well as those who are participating via video at our various facilities across the country. I've had the privilege of leading this department for a little over a year now, and during that time I've had occasion to meet many of you. I've also had the opportunity to visit 16 laboratories and 10 of our other facilities around the country, so I've gotten to most every place, not quite. And I expect to finish the opportunity of visiting other facilities in the near future. The result of all of this is that today seemed like a good time to take stock of where we are as an organization, and to make some judgments as to where we are going. I kind of think of this as a progress report, at least from my standpoint.

Even though I want to spend most of my time today discussing organizational issues, I can't do that until I mention a few of our remarkable achievements – there really have been a number – that have been accomplished over the last year, and in so doing, to thank all of you, many of you, for your hard work to accomplish these and the dedication to our common mission that you have demonstrated.

First, after four years of work, this department was instrumental in helping to achieve the passing of the Energy Policy Act last summer, coming up on a year ago -- quite an achievement, especially after many years of fruitless efforts.

Members of this department have been instrumental in the development of two major presidential initiatives: the American Competitiveness Initiative, which proposes a doubling of the government's investment in research in the physical sciences over the next decade. And which has started the -- at least as proposed by the administration, a fourteen percent or a half a billion dollar increase for the funding for the Office of Science in this department. And the Advanced Energy Initiative, which proposes to significantly increase our national investment in alternative fuel and clean energy technologies. It's about a 22 percent increase up to a level of something above \$2 billion dollars -- so a sizeable increase.

Thirdly, after years of dedicated work by many of you, we, I believe, have put the Yucca Mountain project on a positive path forward that, I believe, will lead to completion in a timely manner and will allow for regular and reasonable funding for the effort from Congress, who has continued to struggle with our struggling over the problems that have beset us there.

Fourthly, over the past year we have undertaken a comprehensive review of the global nuclear energy market – the system if you will – and have developed a framework for the Global Nuclear Energy Partnership, or GNEP as we call it, which will be a new partnership, an international partnership including a number of other countries that will address the energy demands in a way that responsibly manages nuclear waste while at the same time reducing proliferation risks in the areas that we're involved with.

And finally, we have developed the so-called Complex 2030 Initiative, which will help us transform America's nuclear weapons stockpile in a way that reflects the extraordinary requirements of national security and safety while, at the same time, dealing with the need for

cost-effective and responsive management. And I'm very optimistic about the work that NNSA has committed to do and their initial efforts – actually doing it.

All of you have achieved this and much more, and I thank you for that. In all these areas, as well as in many others, I hope that you take great pride in the trust that has been placed in us by our ultimate bosses, the American people.

As we move forward to confront the many challenges that lie ahead, I hope that we can work together as an organization, not just as a loose affiliation of smart, successful individuals. In other words, it is my aspiration that we can continually strive to be an outstanding, collaborative organization. If there's anything that stands at the top of my list, that is it. I believe that we have made some significant improvements in our organization this year: from the seemingly minor ones, although it turns out they're not so minor, but minor ones like answering our mail in a timely fashion to the major ones, like more effectively managing our massive capital projects and restructuring our human resources functions. I appreciate the active involvement of so many of you as we have developed and executed these changes. I especially appreciate your help because we are not done. And that's really what I want to talk about today because too often we focus on what we are doing as a department and not how we are doing it.

In my view, whether you work in the private sector where – most of my experience is, as I think most of you know – or in government, and this is my, coming up on my sixth year of service in the government. Whichever of those, whichever area you work in, it's been my experience that to create meaningful results, you need two things: you need a responsive organization, and you need individual accountability.

The way I think about it, a responsive organization is one in which leaders – at every level, including the line managers – are empowered to make constructive, positive changes. It is an organization that is willing to change, but also does not change just for the sake of doing so. It is an organization that says: let's take a hard look at just what we must do better in order to meet our mission. Let's decide on a path forward, let's communicate it to everyone, and then let's get on with it.

I would add that a responsive organization is also a responsible one. It does what it says it will do, and it does not make promises that it can't keep. In my view, this department has had a somewhat unfortunate history of getting itself into situations where it must break – or adjust – its public commitments in a way that damages our credibility and our ability to meet our mission. We should continue to look at why that is and also be mindful of how to develop our program goals in a reasonable, responsible way. Sometimes it involves saying no. Sometimes it involves saying, I don't know the answer, and I can't answer that question, and so I can't provide it for you. Many of our bosses, whether over across the street in the White House or up on Capitol Hill, don't like to hear those answers. But at times, especially given the type of mission that we have, it is the only responsible answer, at least at certain points in time.

Now, let's face it, change is not easy in any organization. And it is certainly not easy in the Federal government – for a whole host of reasons, not the least of which is that there is new political leadership at the top every few years. And I think I've talked to you about that before,

to many of you, at least, as I have visited the facilities around the country. I've also expressed my great admiration for the career civil servants who serve in the midst of what can, at times, be viewed, I'm sure, as chaotic change. Whatever one's political beliefs are, any individual that can serve Bill Clinton on January 20<sup>th</sup> and George Bush on January 21<sup>st</sup> is a flexible person. And we certainly have flexible people who serve in our government, and they make our efforts, at least in my experience, all the more positive.

It is for all those reasons that I am hopeful that the changes that we bring about -- and I'll talk about them in a minute -- that these changes can be institutionalized because I believe they should carry, whatever president in office, they should pertain. It is my goal that this organization function well even as leadership and policies change over time.

And, in my mind, an organization will not run well unless it is populated by individuals who are both empowered and accountable. The idea of individual accountability starts with taking responsibility for each of you doing your own job well -- each of us doing, including me, doing our job well. But it has to go beyond that. It must also involve a personal commitment to the health and success of our co-workers and of the organization.

These two concepts are mutually reinforcing, and they apply to everyone, including me. I am personally accountable for changes that are made around here, for good or ill. As a leader of what I hope is -- or is becoming -- a responsive organization, it is my responsibility to carefully consider how organizational changes will impact the well-being of each individual here and of our whole department. I consider it my responsibility to adequately explain any changes and to link them directly to our ability to successfully meet our common mission.

And so, with that as a backdrop, I'd like to discuss a few recent improvements that we have undertaken or that we have proposed for this department. Before I get into specifics, let me summarize what I believe will be the major outcomes of this effort.

First, it is my desire that together we will create a safer, more secure work environment in this department. Secondly, I believe that this organization can perform better and more efficiently through increased collaboration and decreased stove-piping. And, thirdly, I expect that this department will become a more responsible steward of taxpayers' resources. I hope that we can do more for less.

Now you may not be surprised at the first set of reforms because it goes directly to my top priority: the safety and security of every member of this department. I believe I made this point during my very first talk to the members of this department some fifteen months ago, but it is no less true today than it was then. Whether you are a Federal employee or a contractor, I consider your personal safety to be my personal responsibility. I feel an ethical responsibility to take this seriously and to take it personally. And I want you to know that I do.

I expect, however, no less of each of you. I am quite concerned about our recent safety statistics, which suggest an increase in incidents or almost incidents across the complex. One accident or one incident, in my view, is one too many. I watch this very closely, and I have made it clear to every member of the DOE leadership team that we will turn this trend around.

As I outlined in a department-wide memo in March, we are taking steps to ensure that all rules and directives are adequately conveyed to everyone and that safety standards are reflected in performance plans for DOE employees – both Federal employees and contractors. In some cases we found that there were real problems with respect to communicating just what the standards were.

Additional steps also need to be taken. As such, I have asked the deputy secretary to look at how we might improve safety oversight in this department. We have developed an initial proposal, which includes steps to combine the current Office of Environment, Safety and Health with the Office of Security and Safety Performance Assurance into one corporate safety and security office. The specifics of this proposal have been shared with impacted employees, and we are currently revising it to reflect feedback from those employees, from any employees, including those who are listening today, as well as the views of our friends on Capitol Hill.

The idea here is to improve how we are running this vital function and to elevate its role throughout the department. And so the key outcomes that I expect from any changes in this area are first, well-crafted safety policies that address a wide array of functions that this department's employees perform, secondly, stronger safety oversight at all levels of the department, and third better communication – of our successes and our failures within this area – and that we communicate that with individual offices and across the department.

Achieving a safer, more secure department will require more than a simple organizational change. It will also require, if you will, a shift of mindset. We all have to acknowledge that it is our responsibility to operate this department in a safe, secure and environmentally responsible way. That responsibility cannot and will not be dismissed or farmed out – whether to an external advisory group or quote to the “management,” unquote, whoever that is. We are accountable to ourselves and to those whom we manage and lead.

This ethos of security must apply not only to our personal safety, but also to the protection of our classified data and sensitive information. Over the past week or so, there have been reports of several incidents that have resulted in the compromise of sensitive personal information of DOE Federal and contractor employees. I want you to know that I take these breaches very seriously. Our top priority when an incident like this occurs is to inform the impacted employees and assist them in taking steps to ensure that their information has not been misused. We have done that in this case – in some cases, I regret to say, months or years after the occurrence, because that's when we learned about the occurrence.

But these incidents also emphasize the importance of comprehensive information security. The adequate protection of sensitive information is essential to our ability to meet our mission. And this is not just the responsibility of our IT professionals, whom I believe to be very capable. However, they are also very central to our efforts in accomplishing this goal. But it's fair to say that our computer systems can only do so much. In effect, our cyber-security is only as strong as the weakest link – and that can just as easily be a person as a firewall. So, I ask you to join me in taking personal responsibility for protecting our sensitive data and the integrity of our systems.

And, in my view, this concept of individual accountability extends well beyond the realm of security. I believe there are other operational areas that could benefit from increased collaboration and oversight. And so, we have recently begun to examine just where and how this can be accomplished. This effort is moving forward under the title, under the rubric of functional accountability. It might also be called knocking down the stovepipes.

In short, we propose to give certain departmental officers the ability to exercise some line authorities within their operational areas across the department. We will do that except in areas where we are constrained from doing so by statute. The functional heads to which this applies include the chief financial officer, the chief information officer, the chief human capital officer, the general counsel, and the director of Public Affairs. As things stand now, many of the DOE employees who perform these functions – like personnel or IT or public affairs work – they are spread across the department in various program offices, various laboratories. This makes sense because they have expertise specific to that programmatic area. But it also makes sense that these folks should communicate with and have some accountability to the men and women who are ultimately responsible for these functions agency-wide. All of that has to be done while maintaining accountability to their direct on-site supervisors. In some cases, good collaboration and communication already exist – although often we have found that is frequently an ad hoc situation or is carried out in an ad hoc manner, that is to say without less – with less formality than is required.

So in my view, we have to improve in some areas and codify what is already happening informally. The result of all of this is that I have asked our chief human capital officer, Jeff Pon, to lead a working group to work through the details of how precisely all of this will work, and to make recommendations to myself and to the deputy secretary when the group is completed.

From my perspective, what I expect out of all of this is: a more coordinated, collaborative functional decision-making process throughout the organization, leading to more accountability throughout the organization, including that at the top, secondly, better, and more strategic and more detailed human capital plans, thirdly improved and timely hiring decisions, fourth better, more comprehensive training and development programs, and lastly, more informed, more efficient budgetary processes.

I also want to say that accountability should extend not only within this organization, but outside it as well – to our ultimate stakeholders – our bosses, if you will – the American people, the American taxpayers. In my view, we must continually look for ways to make this organization run in a cost-effective manner, while never compromising our mission. One way to do this is to look at our long-term financial liabilities and take steps now to responsibly manage them. And so, I have recently authorized a set of changes to the reimbursable costs that the department will pay for that will incur for contractor pensions and medical benefits. The goals of these changes are to, over time, bring our contractor's pension and benefit policies inline with our Federal employee's policies. It is my view that we should pay Federal employees as well as contractor employees more or less at the same level, on the same basis. In that view, in that fashion, we will move to a more reasonable, a more market-based, defined-contribution-type pension plans. And that is the, at least the initial proposal.

These changes do not impact current contractor employees. I want to underscore that: they do not impact current contractor employees but instead would apply only to new employees that begin in the spring of 2007. And it would take a number of years for the system to gradually move in the second direction, so we would operate with two pension plans, or retirement plans, and two medical plans. A detailed letter about this new plan was provided to all the management, operating and facilities contractors in April, and I'll keep you informed as we are discussing this matter with them, with members of Congress who have also expressed interest in it.

I fully recognize and greatly appreciate the many valuable contributions that contractors and their employees have made to our common mission over the years. This department simply would not succeed without your efforts. But I also believe that we must operate in a fair, fiscally responsible manner if we are to continue to meet our mission well into the future, which is my plan. And so, to echo an earlier point, we must not make promises – even promises to ourselves – that we cannot reasonably expect to meet in the future.

To summarize all of this, I believe that we have the opportunity to take steps now that will help us achieve three major outcomes for this department: first, a safer work environment, secondly, better, more efficient organizational performance because of enhanced collaboration within the department, and thirdly, more responsible stewardship of taxpayer resources.

Now, I don't want to lose sight of the fact that there is a strong element of individual choice in all of this. I'm not asking for nor do I expect your acquiescence here. I am asking for your active participation. What I am suggesting is that each of us must make a conscious decision to take responsibility for each other and for the success of this department. And, I would add an important caveat here: that doing so does not require – or even imply – that we somehow resign ourselves to the idea that we are not doing a good job now. On the contrary, I believe that we are doing an outstanding job now. This is a terrific place and one that, throughout its history, is generating substantial and very significant results for all Americans. But it's also my view that we can do better, and I believe that we should do better. We must work together to create a culture of a responsive organization, or at least that's my hope.

The bottom line is this: we are a group of individuals who, by each demanding the highest quality work of ourselves and our co-workers, a safe and healthy work environment, a strict adherence to our mission, and a deep appreciation of the great trust that this nation has placed in us, can collectively be a department that consistently produces extraordinary and accountable results for the American people.

From my end, I intend to continue meet with you – in large settings like this one and in smaller meetings around the country. I hope and plan to do so even more frequently than I have done thus far. I have asked the deputy secretary to do the same. We are also looking at other ways to hear from you to improve internal communication at the department, and that's a challenge: we're over a 100,000 people. I want you all to feel free to contact my email directly; I've mentioned this as I have traveled the country. My email address is [the.secretary@hq.doe.gov](mailto:the.secretary@hq.doe.gov) – through that to communicate your thoughts about the topics we have

discussed today, or whatever else is on your mind. I'd like to hear from you. If I can't answer the question directly, which I'll try to do, I will put you in touch with the folks who can.

I want you to know that I remain very proud and very thankful for the opportunity to serve the American with all of you. And I am extremely proud of what this department has done, and I believe I will be even prouder in the future as we continue to improve and do an even better job as the months go by. I want to thank you all for listening, and I would be happy to take questions. Thank you. (Applause.)

(Applause.)

SEC. BODMAN: Now the way we're going to do this is, is to – we're going to alternate. If there are questions that we have here in the audience here and in the Forrestal, we'll take those, and then we'll alternate those with – I have a set of questions that have been sent in. We – some week or so ago with the announcement of the speech, we put out the request that we get any questions from the field to be sent in and we gave the requisite website. I think it was to my mailbox, if I'm not mistaken, and then they have been collated. Some of the questions were repetitive and so we tried – we boiled those down. Others have been – we got about, I don't know, 150, 200 questions, which I consider pretty good in terms of responsiveness of people throughout the complex. We got inquiries from most parts of the department, most sites and so I took that as a good sense of some interest, and I appreciate that.

So we will alternate. I've got the questions here and I will read them. But we'll – and we'll alternate those with any questions that might exist here in the audience. Let me start with here. Are there any questions here? I guess we have – here's one right here. Yes, ma'am.

Q: Mr. Secretary, my name is Lisa Cox, the Office of Public Affairs.

SEC. BODMAN: Yes.

Q: I heard this morning by President Bush that you were going to Iraq. I would like to know what role the Department of Energy is going to play in the reconstruction efforts?

SEC. BODMAN: Well, you heard right. (Laughter.) I was with the president, along with I think six other cabinet officers at Camp David Monday afternoon, Monday evening. And at about 9:00 at the – we all sat around the dinner table. About 9:00 Monday night the president said he was tired, and he was going to go read a book and then he was going to go sleep.

We sat around and talked for a half hour after he left. All of us went to bed. I got up the next morning and went to the meeting, and there he was in Baghdad. (Laughter.)

So it was a bit of a surprise and so -- he had made it clear the day before that he had expectations about what we might do or what contributions we might make. We have – we in the Energy Department have two counterparts – ministers in Iraq: the minister of oil and the minister of electricity, and I have spoken to both of those ministers this morning, personally, to congratulate them on their new jobs. The president flew there by the way, if -- those didn't see it

-- to meet with – it was really the first gathering, I believe, of the new parliament – of the new cabinet for Prime Minister Maliki, who is the chief executive of that country.

This is the first time that we have had a freely elected government that will be there, I believe, for four years. They're there for the duration, and all other governments have been put in place to either write the constitution or the conduct elections, and they were there on a -- if you will, a more temporary basis.

So this is the first time that people have been elected, and they've been put into place and their job is to govern. You know, their job is to implement the constitution. So the -- and needless to say, these are people who have not done these jobs before and so that makes them about where I was a year ago, here. And they will no doubt learn a lot as they go through the first year.

I can tell you when I visited with the oil minister, he expressed interest in getting some help in drafting a law that would govern foreign investment in the oil and gas sector of their economy. There are a lot of different ways that you can do that, and the goal here is to first recognize that these assets, these reserves -- the oil and gas assets of Iraq are the property of the people of the Iraq. They're not ours. Our job -- after they expressed sort of what direction, how they want to do what they're doing -- is to try and help them do that.

So what I will do when I go over there is to talk with the minister and with others that are his advisors as to how they want to go about dealing with that. There, I'm sure, will be other issues related to encouraging – it's only having that law that's in place that one could then encourage international companies to come in there. My guess is that those companies are going to want to see that they have a better security situation than they now have, so I know they will be working on that. So we will be working with them when we get there to try to understand that and understand what the possibilities are.

With respect to electricity, they are currently operating -- I think it's with only -- throughout the country the citizens of the country, on average, only have electricity for half the time each day. In Baghdad it's even less than that, and so he's got a huge job of getting electrical generators built, and then, more importantly, dealing with the sabotage that has existed on transmission lines. And his strategy for that seemed to be, as he described it this morning – communication was not perfect, I would say. But it will be – his goal is to build transmission – or not transmission, but generating assets within each major metropolitan area so that you have less transmission assets to worry about. And therefore, they're more protected and can deal with it in that fashion.

So we'll be working with them in those two areas: oil and electricity. And there are probably other areas, but at least for a start that's where we'll go.

Let me – this is a question. A number of the folks who wrote in asked specifically if we would be paying for fraud alert services, whether you may be affected if you haven't been notified, and what policies will be employed in order to make sure that this doesn't happen again.

This has to do with the stealing of names and serial numbers that have went on in back in the mid-'90s that we just learned about last week, it has to do with problems that existed, I guess, back in '04 that have been through a torturous process of being reported, and we -- just to let people know in the last week or so of what the problems were.

There are two -- I can say this to all of the employees: to my knowledge -- and my knowledge may not be complete -- but to my knowledge as of right now, we have not had any employee report any problems with respect to identity theft or the issues that you might expect to be worried there. That doesn't mean that they don't exist, but it just means that if they exist, we have not had a report of it.

There are ways of putting, if you will, a red flag on your credit reports and so that it can't be changed unless they know that it is you. That is not something that, at least at this point in time, that we are planning on paying. We don't think that that's a reasonable thing to do, but we will continue to monitor this. We're going to continue to work with the affected employees to make sure that they know how to go about checking what the issues are, and so we're going to do our level best to manage it, and that's at least the current approach that we will use, and we will learn as we go forward as to what the implications are.

Any other questions here in the room? (Pause.) What a very docile crowd today. (Laughter.) I was always disappointed when I taught school, when I gave a lecture and then there were no questions in the room. It meant that I didn't stimulate the students very well, so I sort of felt disappointed when I left. I learned when I came to Washington that when you talk to a bunch of folks and there are no questions, that's actually a good thing. (Laughter.) So I will choose to describe it as such. Let me go to another question.

Many of the employees from the Savannah River site have asked about future funding specifically related to MOX. The -- MOX stands for metal oxide, which is a technique that has been under consideration for the number of years, about the -- related to disposition of plutonium and for using that plutonium in a nuclear reactor and thereby burning it, if you will, and using it up and extracting the energy from it.

We have been on a program for some time to do that. It's been coupled with a similar program or analogous program in Russia where they were going to destroy 34 tons of plutonium. We were going to destroy 34 tons of plutonium. We got in a big legal fight over definition of terms.

In the meantime, the world changed. Oil went up by a factor of two or three. Suddenly Russia is rich. They had different views on how they might want to do this. They're feeling much more independent now, and so we have -- our budget proposes to go forward with the -- our disposing of the plutonium at Savannah River in a -- if you will, a delinked basis; unlinked to the Russians, which I think is the right thing to do.

The house appropriators disagreed, and they zeroed the program out and hence the question. We continue to believe that this is an important project, an important program. It's managed NNSA because it is a non-proliferation program, and we will continue to work the

issue through the Senate. The Senate appropriators will be meeting later on this month, and we're hopeful of getting their sign-on for it, and then we will go to conference and try to work it out. But we're very much dedicated to it.

We met last week with the South Carolina and the Georgia delegations who look after their constituents who work in this laboratory, and so they expressed great concern about it. And we told them – I told them what I am now telling you; that we continue to believe in it and we will do our best at working our way through the process.

The vagaries of the congressional management of our financial activities in the government are still something that I am learning about, even after five years in the government, and so we're – each day I learn something new. And so we're going to – we will hopefully do a better job of anticipating some of these problems in the future. But we'll – in a nutshell, we're going to keep after it.

Any other – any questions here that have come to mind? Yes, sir. They'll give you – yes sir.

Q: Mr. Secretary, I am Jeet Malhotra. I work for the Office of Legacy Management.

SEC. BODMAN: Um-hmm. (Acknowledgement.)

Q: However, I have worked for a long time, since 1963, in coal gasification, central technology, coal chemical recovery systems.

SEC. BODMAN: Right.

Q: As you know, in 1970s there was an oil embargo, then President Carter started the central technologies –

SEC. BODMAN: Right.

Q: -- program. Then in 1980, Mr. Reagan came, president. He deemphasized some of those programs, and it has been going on and off.

Knowing that embargo after WWII, Germany exploited the coal technology to produce oil, and I don't know why we have been slow, knowing that this is really a big help in making our nation secure, if we exploit this coal by producing oil and then other alternate fuels.

SEC. BODMAN: And your question is –

Q: Well, my question is –

(Cross talk.)

Q: -- why we have not been continuously pursuing the exploitation of these technologies to produce oil?

SEC. BODMAN: Okay. Thank you. That's a good question.

First, the reason that activity slowed down, in my view -- and I have forgotten the details of it at the time because I was engaged -- I wasn't in this town and I was engaged elsewhere. But my sense is the reason that things slowed down was that after the big run-up in oil prices, suddenly there was a lot of conservation, there were a lot of decline of demand, and it also caused the economies of the world to go into a recession. And we therefore had great decreases in demand for oil, and the price of oil dropped from what we then thought was an outrageous level of \$35 a barrel down to \$8 or \$9 a barrel. And so at \$8 or \$9 a barrel it is hard for any, you know, gasification or other kind of process to be competitive, and so they all stopped, including oil shale, and gas to liquids, coal to liquids, et cetera.

We now find ourselves in a situation with even higher prices, and apparently the likelihood -- at least many people think -- that these are going to hang around a lot. It may come off of \$68 or \$70, wherever it is now and drop down -- (audio break), therefore I think that there's a lot of interest in it.

The one thing I can tell you is that we -- that Secretary Garman has been working on an implementation of one of the titles of the Energy Policy Act that involves loan guarantees, setting up a system where we can manage loan guarantees for different projects in order to demonstrate their viability. And we're -- what would you say, Dave -- modestly optimistic that we'll get that -- we'll get the program set up. We're not done yet because we're still discussing it with the folks at OMB, but we're, you know, reasonably optimistic we'll get that done, and that I would expect that we would find some projects of the sort you described that we would be involved with, and that we would receptive proposals that we would help stimulate that activity by guaranteeing, you know, part of the loan -- all or part of the loans that would be made to build the plants. And with a federal government guarantee, that pretty much guarantees of a big piece of it -- guarantees that the project will get done.

So I'm more optimistic. There's a lot going on, as you are probably are aware, all over the country. I can tell you that for the first time ever, I started out life as a venture capitalist, a long time ago; and for the first time in 50 years in sort of the 50-year history of formal venture capitalism in our country -- venture capitalist are people who invest and buy ownership interest in speculative new, high risk ventures -- and for the first time, people in that industry are putting serious money into energy projects.

And so I would guess you're going to find some investors that are interested in doing it. You are going to find the government interested in helping support it. So I am more optimistic now than I would be -- than I have been in the past, but we are still heavily dependent on, for the economics-- ultimate economics of the project, oil prices. If oil drops to \$10 a barrel, it's going to be tough for these projects to survive.

If oil dropped to \$10 a barrel, I might find that I had a lot free time on my hands because I would not be on television trying to explain why oil is much higher than that. (Laughter.) So that would have a few advantages, but anyway, that's the story, so I'm more optimistic now.

This one is about -- an employee from the Richland Operations Office asked about the retreat earlier this week. I think that I have already covered that at Camp David and what we're going to do.

Here's one. An Oak Ridge employee asked about the department's preparation for the onset of avian flu and continuing our operations in that event.

First the -- I should tell you that the president has laid out a national strategy for the so-called pandemic influenza -- he did that last November -- and then recently put a specific set of plans to deal with how one might respond. We have asked our friends at EH and the EH office to take that plan and then apply it to our particular department. What would it mean for us? How would we deal with it? The -- I would recommend that in order to get the details of that any employee can get to the EH website. You do that by going to departmental website, energy.gov, and then through that you will find the list of various offices and the environmental safety and health office is there. And you will find a website that will go into greater detail on how the president's plan would be implemented here and exactly how we would go about it.

So it's been looked at, I think, in a thoughtful and a rather complete way, and so we are ready to respond, and so I would encourage all employees to look that up and at least be aware of what the plans would be.

Anything else? Yes, sir. I can't -- yes.

Q: Thank you, Mr. Secretary. As you may know there's a current reduction in force going at Forestall here as a result of the competitive sourcing for employees --

SEC. BODMAN: Yeah.

Q: Myron Alston -- of MA. Ninety positions will be -- federal positions will be abolished. But fortunately, of those 90 positions, well over 90 percent have been vacated, if you will, by attrition, people being able to take retirements --

SEC. BODMAN: Right.

Q: -- so that's very good.

At this point there are maybe five or six -- just a handful of people left that will be furloughed, be put out of a job because they're not retirement eligible --

SEC. BODMAN: Right.

Q: – and have no place to go at this point. I'd like to ask you, as the president of the union chapter, and I was wondering if –

SEC. BODMAN: Right.

Q: – could bring your personal attention to finding positions for these five people?

SEC. BODMAN: Yeah, we're certainly – does that complete your question? Yeah. No, we'll certainly look at that.

I think the -- these efforts, it's always a painful thing to go through the efforts of competing certain jobs here. It's a -- you know, it's a challenge because the people who work in these offices are our friends. You know, we all work in the same place and we all are -- if you will, are trying to accomplish the same mission or combined mission. That's what everybody's here for.

It is, and it gets to be painful when we – even looking at gets to be painful because people then are on pins and needles over a period of time as we go through this exercise. We try to do this in a responsible way. The case for this is that there is an opportunity for renewal; that, you know, we're looking at something here, and that is this inherently a federal job or should it be something that ought to be carried out by a contractor or by some outside agency.

So there is the opportunity for those who are involved in it to play a role in getting – in restarting and repotting themselves, if you will, in a new environment; that gives them a chance to make more money and do better over time.

Having said that, I will certainly look at that and we will respond. Other than that I can't respond to the description because I don't know the facts – I'll be happy to.

Let's see. A Brookhaven Lab employee noted that our national energy strategy – national energy policy seems to be in disarray. He asked that I -- that's me -- discuss what the long term and short-term goals are and what we are doing to achieve them. What is the plan to deploy alternative fuel and energy technologies?

You know, this -- and I will try to do that -- I guess one-person disarray is another person's attempt at creating order. There are two things to say about the energy business or the oil business, if you will. One it is much larger than most of us, I think, fully grasp. When you think about it, we're using over 80 million barrels a day of oil in this country. So if you just think about it, we all think about gasoline and that it's very high priced, which it is. And it is much higher than it has ever been, and it's a real challenge, and it's problem for American families, and those of us who deal with this are acutely aware of it.

Having said that, the – we are trying to do everything we know how to do to deal with the deploying of alternative fuels, but it is going to take – because the scale is so large, it's going to take a while to respond and before -- as I talked with the gentleman back here, the issue before was the – we got oil prices dropped way down and so everybody lost interest in renewable fuels.

I think the general sense is that it is unlikely it's going to drop that far. As I said before, it may drop some, but probably not drop sufficiently low that renewable energy would be appropriate. And so we are -- I mentioned in my formal remarks, that we will be investing substantial funds this next year, if Congress approves in the Advanced Energy initiative. That really involves the renewable energy and it involves work in cellulosic energy, which I believe is the most likely raw material; that is to say cellulose for large scale production of ethanol, and so we're working hard with Andy Karsner and his group. And EERE are working hard to encourage both retailers of gasoline to use -- to provide more ethanol at the pump, as well as manufacturers of automobiles to provide more so-called flex fuel vehicles that would use ethanol.

And then in order to produce enough ethanol to matter, we're really going to need cellulose, which is sort of waste plant material -- woodchips, sawdust, switch grass, corn stover, and the like -- that could well -- they're really waste products that could well serve as raw material for ethanol. That's our job and we're working at that. Solar power, wind power, hybrid batteries -- we're funding all of that, as well as nuclear power to create more and less expensive electricity. And then through hybrid vehicles we can -- so-called plug-in hybrid vehicles, we can charge the batteries and use electric energy to run our transportation.

So all of that, we're going to spend almost \$2 billion this year, and I'm pleased with that. Ethanol -- the ethanol -- cellulosic-based ethanol is a 50 percent increase in the budget from roughly 100 (million dollars) to \$150 million.

Photovoltaics or solar energy is an increase of roughly 50 percent from roughly \$100 million to roughly \$150 million. So a lot of money is being spent, and so I guess I would choose a different adjective than disarray. I would use an adjective more like hopeful; more like -- you know, it's uncertain, but I think it's been well-thought-out and well-conceived, and a lot of hard work has been done in this department to help it become a reality. And I think that the people who have done the work deserve good credit and deserve the chance to prove that they can make this -- that they can make this work

Any other questions here? Oh, all the way over here.

Q: Mr. Secretary --

SEC. BODMAN: Yes.

Q: Janette Hill from NNSA.

SEC. BODMAN: Oh, I didn't see the microphone there. I wondered how your voice was so loud, Janette, yeah.

(Laughter.)

Q: I project. (Laughter.)

What absolutely has to happen in order for GNEP to successfully gain traction and to be successful over time? Say the top three things that are required.

SEC. BODMAN: First we need international – as the name applies, GNEP is global nuclear energy partnership. So we need global partners, the first and last letters. We need people to sign on. So far, as I indicate, we talked to the Chinese, we've talked to the Japanese, we've talked to the Russians, we've talked to the French, in particular. And they have expressed varying degrees of interest in working with us. So we need to develop a specific plan.

We then need to decide who will do what; that is to say there are four parts to GNEP. One is -- basically GNEP is a way of taking spent nuclear fuel, which has very low concentrations of the good kind of uranium – U235 -- which is the radioactive material that is used to make fission products and thereby generate heat, and thereby generate electricity. And you end up with a -- with spent fuel rods that have a lot of U238 in them, that have significant quantities of plutonium -- of so called transuranic elements, which are plutonium, neptunium, americium, and curium. Those are the four major ones. They tend to be radioactive and hard to handle. And so the goal is to split those out and to undertake a process that recovers the transuranic elements -- those four. And then -- so that's process one, that you can do that. We've done that on the bench scale at Argonne Laboratory out in Illinois.

Secondly, we've got to have a project that will convert that material into fuel rods that can be used at a nuclear reactor. So that's the second job.

Third job, we have to design a new -- and develop a new so-called fast reactor that can burn those elements and create more energy. That's the goal. The goal is two-fold: to create -- continue to create energy out of that material and to destroy it at the same time. That's what you do. So you get rid of it and you, at the same time, create energy.

And then fourthly, you got to take the stuff that comes out of that reactor and recycle it. You've got to get rid of the strontium and the cesium, which are the radioactive parts and continue to then for -- to recycle parts of the transuranics.

You have four parts. The questions gets to be who's going to be do which. We need a technical plan, and it's a huge – it's a long-term process and it's a major effort to undertake. So that's what needs to be done to be successful.

We're hopeful. We asked for \$250 million in the budget process, and the Congress was not very kind to us. I think they cut it in half. We're hopeful that maybe we will get some or more of that back when we work with the Senate, and so we remain optimistic that we will get support for that because it is very important. We think it's a great long-term program, but this is going to be at least -- I don't know, 15 year, 20 year, it's a long-term project to have caused all this. But it is a way of dealing with spent nuclear fuel and then extracting the energy from it, which we think is key to leading to the spread of nuclear energy around the world, but to do it in an environmentally or non-proliferation fashion; that is to say, to do it in a fashion that you will get client states that would be interested in nuclear energy. Give them spent fuel -- give them

fresh fuel, they use it, they get spent fuel. They send that back and we would reprocess it and send them some new fresh fuel. That's the goal and so that's the -- most of the top priorities are technical, engineering, and that's what needs to be accomplished, as best I can describe it.

Many employees have posed questions about location specific and employee specific issues at Hanford, Los Alamos, Lawrence Livermore, and elsewhere. I would just say about that, without getting into the details of that here in the whole group, I've asked Ambassador Brooks, Ingrid Kolb, and Jim Rispoli to look at any specific issues there and respond to you and we will pass the questions on to them.

That completes the ones that I got from -- at least that seemed to have enough general interest from the field. Are there any other questions here? There is one? Oh, I can't see that far.

Q: Sir, I am Eric Rasmussen of EIA.

SEC. BODMAN: Yes, sir.

Q: Like other offices, we're having a number of retirements due to aging working force

SEC. BODMAN: Yeah.

Q: -- and we're having a very hard time bringing new people on at the same rate. You mentioned some aspects of that issue in your opening remarks.

SEC. BODMAN: Right.

Q: I wonder if you elaborate a bit or describe what other next steps might be underway in that area.

SEC. BODMAN: What, you know, that's a good question. It's a problem that the entire government has. I mean, we have an issue throughout the whole government, where we have many employees are eligible for retirement, and it's a real challenge, frankly, to manage the place because under the legal rubric under which we operate, I can't ask anybody, you know, are you going to retire or not. That's just -- that's verboten in terms of the way we deal with the privacy rights of individuals. And that's -- I'm not complaining about that, but it's just a fact. And so until an individual decides to retire, it's hard to know how to plan on it, and so it's a continuing issue within the government.

And the one thing that I know we can do is to work hard at speeding up the process for hiring people. We've had a very long -- it takes months. We go through this very agonizing process of doing interviews and vetting it, and so forth. It's a very long process, and so Jeff and Claudia have worked on a program to substantially improve the speed to which we do the vetting process, and therefore it will cut way back on time. And so that's one answer, is to try to do things faster.

And we're also looking hard at – well, the deputy is looking at budgets as we're going through the '08 budgeting process; you know, is there anything we can do to anticipate that we're going to lose person A and maybe we need to hire a replacement, who is a younger person A to come in and get trained and so forth. But it is really hard where the person leaves and then they announce their retirement and they're gone in a month. And in the meantime, you know, you're sort of caught because you haven't replaced that person, and it's a real – it's a big challenge in terms of managing the government.

The only thing I know how to do is to do it faster once the opportunity comes. One and two, is there anything we can do in the budget to, if you will, overstaff with a few new people in the younger age group that can help deal with this. This was exacerbated some years ago, I take it, because there was a lay off or a reduction in force -- I don't know, 20 years ago or some period of time ago -- and what that meant is that all the young people got wiped out and we tended to sort of bunch up. We have -- therefore most of the employees tended to be of an age that has now moved through the system. Now they're approaching retirement. We've got a big fraction of the people that are now retirement eligible and so it is a – it's a challenge.

Those are the only two ways I know how to deal with it. One is to look at the budgets and can we give people a little more flexibility in hiring, and two, that we can speed it up and they have made some good progress on that already. That's all I can ask.

Yes, sir.

Q: Hi, Mr. Secretary.

SEC. BODMAN: Yes.

Q: I'm Mark Gielecki of EIA –

SEC. BODMAN: Um-hmm. (Acknowledgment.)

Q: – and if I may follow up on that just a bit, there is maybe one more thing we can do, and we perhaps don't often think about it, is the demographics certainly are changing. A lot of folks are retiring. One of the things I know that the department does and EIA now does, as well, is have a mentoring program.

SEC. BODMAN: Um-hmm. (Acknowledgment.)

Q: We can encourage and bring young people up to speed much quicker, so that they're there and ready when need be.

SEC. BODMAN: Okay, well that's a good idea. I mean, but the issue is you got to hire them first, you know and even that requires – we've got to pay them to get them here. So -- you know, and that's a challenge, and so you know – yeah, yeah. No, I – your point is well take.

So in addition to the hiring them faster, we can train them better and faster, you're saying. I think that's a good idea.

One of the problems, however, we have is when somebody retires, they make a retirement decision and they're out of here, and you know, fairly soon, because that's how they – that's how the system tends to work. So it tends to be a bit of a challenge. Thank you for your suggestion. We will try to implement it.

Anything else? I guess we will draw this to a close. I'd be interested in any feedback if you found this useful, not useful. I'm appreciative of everybody being here, appreciative for those of the people who were here on the video, and I would wish you all the best. And please remember if you have communications, or whatever, let me know and we'll try to answer them. Thanks very much.

(Applause.)

**-DOE-**